

## Message Text

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R 021828Z JUL 74

FM SECSTATE WASHDC

INFO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL HONG KONG

AMEMBASSY TOKYO

CIA

DOD

NSC

USIA

TREASURY

S E C R E T STATE 142036

FOLLOWING REPEAT SECSTATE WASHDC 142036 ACTION MOSCOW

01 JUL 74:

QUOTE TOSEC 215

E.O. 11652: GDS

TAGS: AR, PFOR, PINT

SUBJECT: ARGENTINA AFTER PERON

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1. FOLLOWING IS INITIAL INR ESTIMATE OF OUTLOOK FOR

ARGENTINAFTER DEATH OF PRESIDENT PERON.

2. THE DEATH OF PERON ON JULY 1 FINDS ARGENTINAFACING A WORSENING ECONOMIC S TUATION, AGGRAVATED BY RECENT INFLATION AND LABOR UNREST, AND CONTINUING LEFTIST TERRORIST THREATS. ARGENTINES, INCLUDING THE MILITARY, UNIVERSALLY ACKNOWLEDGED THAT PERON, AND ONLY PERON, WAS CAPABLE OF DEALING EFFECTIVELY WITH CONFLICTING FACTIONS WITHIN (A) HIS BROADLY BASED PERONISTA MOVEMENT, (B) ARGENTINA'S VERY STRONG LABOR MOVEMENT (WHICH IS ALSO LARGELY PERONIST), AND (C) THE REMAINDER OF THE BODY POLITIC.

3. A SERIOUS POWER STRUGGLE IS LIKELY TO TAKE PLACE IMMEDIATELY AMONG PERONISTA FACTIONS, ALL CLAIMING TO HAVE INHERITED PERON'S MANTLE. HIS WIFE IS NOT HEIR TO PERON'S GREAT INFLUENCE AND CHARISMA, AND SHE MAY NOT BE PERMITTED TO SUCCEED HIM EXCEPT ON AN INTERIM BASIS. THIS POWER STRUGGLE WILL PROBABLY SOON SPILL OVER INTO ALL OTHER (NON-PERONISTA) AREAS. THE ALMOST INEVITABLE RESULT WILL BE SOME FORM OF RENEWED PARTICIPATION--HOWEVER RELUCTANT--IN GOVERNMENT BY THE MILITARY, WHO RETURNED TO THEIR BARRACKS IN MAY 1973 AFTER SEVEN UNSUCCESSFUL YEARS OF ATTEMPTING TO FORGE POLITICAL CONSENSUS IN ARGENTINA..

4. THREE ALTERNATIVE OUTCOMES SEEM POSSIBLE: CONSTITUTIONAL SUCCESSION, UNCONSTITUTIONAL TAKEOVER, AND TURBULENCE.

5. CONSTITUTIONAL SUCCESSION:

--(A) WITH THE LONG AND UNPOPULAR MILITARY RULE ENDED ONLY LAST YEAR, LEGAL SUCCESSION WILL HAVE A SPECIAL FORCE OF ITS OWN. MRS. PERON'S ACCESSION WILL APPEAL TO SEVERAL SIGNIFICANT POWER BLOCS. THIS WOULD BE THE SMOOTHEST TRANSFER FOR THE PERONISTS; TO GO FURTHER DOWN THE LINE OF SUCCESSION WOULD REQUIRE SCHEDULING AN ELECTION WITHIN 30 DAYS--A CONTEST WHICH THE MOVEMENT COULD ILL AFFORD WITHOUT THE UNIFYING PRESENCE OF PERON. MRS. PERON AND HER CLOSEST ASSOCIATES ARE LINKED WITH THE CONSERVATIVE WING OF THE MOVEMENT, AND SHE CAN PROBABLY

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COUNT ON THE SUPPORT, AT LEAST INITIALLY, OF THE LARGEST PERONIST SECTOR AND CAN LEAN ON THE ADVICE AND GUIDANCE OF PERON'S KEY ADVISERS.

--(B) THE ARMED FORCES, NOT ANXIOUS FOR RENEWED POLITICAL RESPONSIBILITY AND RECOGNIZING THAT POPULAR SENTIMENT IS STRONGLY AGAINST THEM, PREFER A POSITION OF INFLUENCE BEHIND A CIVILIAN PRESIDENT.

--(C) MAJOR OPPOSITION PARTIES AND BUSINESS INTERESTS WOULD ACCEPT, AND PERHAPS EVEN SUPPORT, SUCH A MODERATE PERONIST-MILITARY ALLIANCE AS AN EXPRESSION OF LEGITIMACY AND STABILITY AGAINST VIOLENCE-PRONE LEFTIST BLOCS.

6. UNCONSTITUTIONAL TAKEOVER: IF INFIGHTING AMONG THE PERONISTS WEAKENS THE MODERATES' ABILITY TO DOMINATE THE MOVEMENT, THE RESULTING CONFUSION AND INTENSIFIED TERRORISM COULD RULE OUT A CONSTITUTIONAL SUCCESSION. IN THESE CIRCUMSTANCES, THE ARMED FORCES WOULD PROBABLY FORM A JUNTA UNTIL THE POLITICAL SITUATION CALMED ENOUGH TO PERMIT ELECTIONS OR ESTABLISH AN INTERIM GOVERNMENT IN ALLIANCE WITH CIVILIAN GROUPS--POSSIBLY WITH PERONIST MODERATES AND THE RADICAL PARTY. IN EITHER CASE THE RATIONALE WOULD BE TO MAINTAIN ORDER THROUGH THE UNEASY PERIOD AFTER PERON'S DEPARTURE. LACKING A REAL POPULAR BASE, A CARETAKER ADMINISTRATION WOULD HAVE AN EVEN MORE DIFFICULT TIME THAN WOULD MRS. PERON IN EXERCISING CONTROL WITHOUT RESORT TO HARSH REPRESSIVE MEASURES. RETURN TO INSTITUTIONAL FORMS WOULD BE SOME TIME OFF.

7. A PERIOD OF TURBULENCE: THE INABILITY OF ANY POLITICAL PARTY TO ASSERT AUTHORITY AND INDECISION BY THE MILITARY WOULD PREVENT A SMOOTH SUCCESSION. POLITICAL CONFUSION AND PROBABLY VIOLENCE WOULD ENSUE AS VARIOUS ELEMENTS VIE FOR CONTROL. THE PERSONALITIES INVOLVED, THE DETERMINATION OR DESPERATION OF THE CONTENDING FORCES, AND PUBLIC REACTION WOULD DETERMINE HOW LONG THE POLITICAL VACUUM WOULD LAST. THE MILITARY IS LIKELY TO HAVE THE PRIMARY ROLE IN ESTABLISHING THE GOVERNMENT THAT EVOLVES.

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8. A CONSTITUTIONAL SOLUTION IS MOST LIKELY, BUT EVENTS COULD BE RAPIDLY PROPELLED TOWARD AN UNCONSTITUTIONAL TAKEOVER. A PERIOD OF TURBULENCE SEEMS LEAST PROBABLE. NONE OF THESE ALTERNATIVES IS INHERENTLY STABLE. BOTH THE CONSTITUTIONAL AND UNCONSTITUTIONAL SUCCESSIONS ARE ESSENTIALLY "ESTABLISHMENT" SOLUTIONS THAT WILL BE OPPOSED VIOLENTLY BY THE RADICAL LEFT. WITHOUT PERON, NO PERONIST LEADER WILL BE ABLE TO HOLD TOGETHER THE CLEAR MAJORITY HE WAS ABLE TO GARNER. A BREAKUP OF THE COALITION WOULD REVEAL ALL THE SHORT-COMINGS OF ARGENTINA'S MULTIPARTY SYSTEM. NEITHER THE POLITICAL PARTIES NOR THE MILITARY ARE LIKELY TO PROVIDE A LEADER WITH THE STATURE AND CHARISMA TO COMMAND BROAD RESPECT. EVEN IF AN ALLIANCE OF MODERATES CAN CONTROL VIOLENCE AND ACHIEVE AN ORDERLY SUCCESSION, THE DIVISIVENESS THAT

HAS RETARDED ARGENTINA'S DEVELOPMENT FOR DECADES IS  
LIKELY TO THWART SOLUTION OF ARGENTINA'S BASIC PROBLEMS.

9. IMPLICATIONS FOR THE US: A CONSTITUTIONAL OR EVEN  
AN UNCONSTITUTIONAL--BUT STABLE--OUTCOME WOULD NOT  
SUBSTANTIALLY CHANGE THE IMPACT ON THE US PRESENCE.  
HOWEVER, SHOULD A PERIOD OF TURBULENCE ENSUE, THE CON-  
SEQUENCES MIGHT BE CONSIDERABLY MORE SERIOUS:

(A)--FOR US OFFICIAL PERSONNEL: TERRORIST THREATS TO US  
OFFICIAL PERSONNEL SINCE THE BEGINNING OF 1974 HAVE  
BEEN SERIOUS ENOUGH TO WARRANT USG APPROACHES TO  
ARGENTINE AUTHORITIES, INCREASING OF EMBASSY SECURITY  
MEASURES, AND REDUCTION OF US OFFICIAL STAFF. IN A  
POST-PERON PERIOD, THE INTENSITY OF THESE THREATS WOULD  
INCREASE: THE ARGENTINE GOVERNMENT WOULD BE FAR LESS  
ABLE TO MAINTAIN ORDER GENERALLY IN AN UNCERTAIN AND  
POTENTIALLY CHAOTIC TRANSITIONAL PERIOD.

(B)--FOR PRIVATE US INTERESTS: ASSASSINATION AND KID-  
NAPPING OF FOREIGN PRIVATE BUSINESSMEN HAVE BEEN

COMMONPLACES OF THE ARGENTINE SCENE FOR SEVERAL YEARS;  
THE LIKELIHOOD OF SUCH INCIDENTS WOULD INTENSIFY.  
FURTHERMORE, PERON HAS SPONSORED MEASURES WHICH SEEM TO  
HAVE BEEN DIRECTED AT NATIONALIZING FOREIGN BUSINESS  
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INTERESTS (US INVESTMENT IS \$1.4 BILLION, MAINLY IN  
MANUFACTURING ENTERPRISES), BUT HIS ACTIONS HAVE BEEN  
GENERALLY MODERATE. SUCCESSORS WITHOUT HIS CHARISMA  
COULD WELL ENFORCE MORE DRASTIC MEASURES IN ORDER TO GAIN  
GREATER APPEAL WITH ARGENTINES, PARTICULARLY IN VIEW OF  
DETERIORATING ECONOMIC CONDITIONS. SISCO UNQUOTE SISCO

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